

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 SNM-02 EB-07 COME-00 XMB-02 TRSE-00 L-03

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DRAFTED BY AF/C:RRSTRAND:GJB

APPROVED BY AF/C:RANDREW

S/NM:SVANCE (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA IMMEDIATE

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E.O. 11652: N/A

TAGS: EIND, EFIN, CG, US

SUBJECT: GOODYEAR FACING DECISION ABOUT WHETHER TO CLOSE

- - TIRE PLANT IN ZAIRE

1. JOHN PURCELL, REGIONAL DIRECTOR FOR ASIA AND AFRICA OF GOODYEAR INTERNATIONAL, HAS INFORMED DEPARTMENT THAT COMPANY WILL DECIDE AT DECEMBER 2 MEETING WHETHER TO SET NEW HIGHER CEILING FOR INTRA-COMPANY CREDIT TO ZAIRE PLANT OR CLOSE DOWN THE OPERATION, PRESUMABLY UNTIL ZAIRE'S FINANCES ARE IMPROVED TO POINT WHERE CENTRAL BANK CAN ASSURE AVAILABILITY OF FOREIGN EXCHANGE NEEDED TO COVER GOODYEAR ZAIRE'S REQUIREMENTS. PURCELL SAID PRESENT CREDIT CEILING OF 2 MILLION DOLLARS HAS BEEN REACHED AND COMPANY SENTIMENT IS AGAINST RAISING IT.

2. DEPTOFF REVIEWED PROGRESS TOWARD IMF AGREEMENT AND SUGGESTED PURCELL CONTACT DINI TO GET FUND'S PRESENT ASSESSMENT OF FINANCIAL SITUATION AND PROSPECTS. PURCELL AGREED TO DO SO BUT SAID HE WAS AFRAID EVEN EARLY SIGNATURE OF STANDBY FOLLOWED BY OTHER ELEMENTS OF LIMITED OFFICIAL USE

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A FINANCIAL PROGRAM WOULD NOT RESTORE ZAIRE'S FOREIGN

EXCHANGE POSITION SOON ENOUGH TO SATISFY GOODYEAR.

3. DEPTOFF ALSO MENTIONED PROSPECTIVE EXIM 20 MILLION DOLLARS LINE OF CREDIT, BUT OF COURSE COULD NOT SAY WHEN IT WOULD BE AVAILABLE OR GIVE ASSURANCE THAT GOODYEAR WOULD HAVE ACCESS TO IT. AGAIN, PURCELL SAID THIS SOUNDED TOO DISTANT AND UNCERTAIN FOR COMPANY TO COUNT ON. HE SAID COMPANY KINSHASA REP HAD ALREADY DISCUSSED MATTER WITH EMBASSY.

4. PURCELL PROMISED TO CALL BACK AFTER TALKING WITH IMF AND BEFORE NEXT WEEK'S MEETING. WE WOULD APPRECIATE ASAP ANY THOUGHTS EMBASSY MAY HAVE TO PASS ON TO GOODYEAR, PARTICULARLY CONCERNING LIKELY REACTION OF GOZ TO GOODYEAR DECISION TO MOTHBALL PLANT. WE ASSUME THERE IS FAIR CHANCE GOODYEAR WOULD LOSE ITS INVESTMENT CODE PROTECTION AND ITS MONOPOLY CONCESSION. KISSINGER

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Message Attributes

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Disposition Date: 28 MAY 2004
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